

AR41



Great National Land & Investment Corp. Ltd.

17 Church Street, Nanaimo, B.C.







Great National Land & Investment Corp. Ltd.

# 8th annual report



*Aerial view of Nanaimo, one of Canada's fastest growing cities.*



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*Nanaimo . . . . . from the ocean with mountains in the background*

## DIRECTORS

Albert Addison

Robert Arnett

Jack D. Bowe

Jack Coates

William H. Coats

Harry Donald

Clarence Entwisle

Alfred C. Fillinger

Robert W. Golding

James O. Goodwin

Minard G. Hill

Michael Kronyk

Ronald F. MacIsaac

Frank McLaughlin

Donald J. McRae

A "Sandy" Miller

William Morrell

Leslie Mottishaw

Frank J. Ney

William B. Ney

William S. Watson

Carnduff Scott

## OFFICERS

Clarence Entwisle, Chairman

Frank J. Ney, President

William B. Ney, Vice-President

Ronald F. MacIsaac, Secretary

James O. Goodwin, Treasurer

## HEAD OFFICE

17 Church Street  
Nanaimo, B.C.

## AUDITORS

Messrs. Church, Pickard, Lane & Newman  
Nanaimo, B.C.

## LEGAL COUNSEL

Farris, Farris, Vaughan, Taggart, Wills &  
Murphy  
Vancouver, B.C.

MacIsaac, Clark, Sinclair & McNeil  
Nanaimo, B.C.

## BANKERS

The Royal Bank of Canada  
Nanaimo, B.C.

Bank of British Columbia  
Nanaimo, B.C.

## REGISTRAR & TRANSFER AGENT

Montreal Trust Company  
Victoria and Vancouver, B.C.

## TRUSTEE

Montreal Trust Company  
Vancouver, B.C.

## FISCAL AGENTS

Odlum Brown and T.B. Read Ltd.  
Vancouver, B.C.



## REPORT OF THE BOARD OF DIRECTORS

Dear Shareholder:—

Our Annual Report for the fiscal year which ended April 30th, 1971, shows healthy and significant increases in all major areas of company activity.

We are happy to be able to present such a report for a year of tight money and fiscal policies. There has been a concern, both at the national and international level about the continuing inflation under conditions of stagnant output and rising unemployment. In spite of these obstacles, however, the current financial picture of your company reported herewith is excellent, and we feel our sound, long-term planning will ensure that this trend continues. We should, too, remember that Canada is closer to price stability than any other advanced nation in the world. The consumer price index is only about 2% higher than a year ago partly because of a drop in food prices. Even excluding food, Canada is on top of the inflation fighting league. This slower inflation rate is creating a great base for a growing economy, and today we have the highest export surplus in our history. In the next few years this should reflect tremendously on our economy, and in this respect, the real estate industry reflects an exceptionally attractive climate.

Before corporation income tax, the net profit of your company was \$126,846, an increase of 29.8% over the previous year.

Net consolidated profit, after income taxes and our minority share of subsidiary losses, was \$110,805, up 19.5%.

On a per share basis, this works out to \$ .0447, up from \$ .0376 (on slightly fewer issued shares) in the 1970 fiscal year.

Assets are the base on which a company builds. Great National's total assets increased by 23.6% to \$10,558,351. This is the first time that company assets have topped the \$10 million figure, and shows clearly the solid growth your company has experienced in just a few short years. In only the four years since 1967, for example, our total assets have increased more than 150%.

There is an interesting item in the "Liabilities" section of the Balance Sheet: "Unrealized Income". This figure of \$1,066,062 represents mortgage discounts and real estate profit deferred to a future period. If this income was taken into the current statements it would mean 43¢ per share in addition to the 4.47¢ declared. In short, your Directors feel that conservative accounting policy is soundest, and thus between \$4 and \$5 in deferred profits are set aside for future periods for every \$1 of profit from land sales which is allocated to the current period. Any comparison of Great National with other companies which do not follow similar accounting principles would have to take this very large "unrealized income" figure into consideration.

After several years of acquiring property for our land bank, we have now proceeded to develop and market some of this property. This trend should be reflected in favourable earnings in future financial statements. As land is acquired and held, it is basically an expense; purchase prices must be paid or financed, taxes and other improvements have to be met, and interest must be paid. As the land is marketed, however, the expense items cease and income commences. Your Directors are now implementing this policy, and shareholders will soon see the practical benefits which will result.

Great National is now a fully diversified land development company, and because of this it would not be practical to list all the activities in which we have been involved during the past fiscal year.

One or two examples of company activity, however, are worthy of noting.

We have increased our controlling interest in District General Rental Corp. Ltd. from 50.1% to 67%, and this subsidiary together with Xeric Investments Ltd. have developed about \$1,000,000 in commercial buildings in the Downtown Nanaimo area in the past year. This type of activity will increase as Nanaimo becomes ever more of the commercial hub of Vancouver Island.

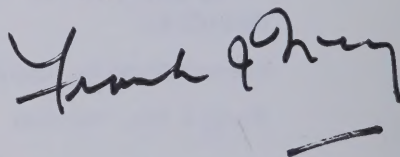
During the past 12 months we have developed about 600 residential and resort lots throughout Vancouver Island. These are now in the process of being marketed, and company earnings will be very favorably affected as the land-liabilities become dollar-assets.

Your company now employs about 220 people; many who have been with the company for more than 20 years. Our land bank assures us of a fiscal strength and a base, which for many years to come, assures the company of an extremely competitive sector in the market place. Our reserves and deferred profits are growing annually, and we are approaching the market in a manner to assure the company of long-term profit as well as immediate growth. This, to some degree, earlier had inhibited the immediate profits as we entered the 70's. With the resultant steady increase in deferred profits this policy should now pay excellent dividends.

There has never been a time in the history of British Columbia when there have been more opportunities and potential; and I am confident as we enter the 70's our company stands in an excellent position to succeed in this escalating economic climate.

We will also continue to reinvest a significant share of our earnings to insure that Great National, in the great province of which it is a corporate citizen, will continue to prosper in the future as we have in the past. Such prosperity would not be possible without the dedication of the company's employees and the loyal and continued support of its clients and shareholders. Your Directors and Officers express their sincere appreciation for this valuable assistance.

On behalf of the Board of Directors.



FRANK J. NEY, R.I. (B.C.) N.P., President



GREAT NATIONAL OFFICES

From this office at Nanaimo and associated branch offices at Duncan, Courtenay and Campbell River, a staff of approximately 220 personnel generates real estate sales, insurance and mortgage brokerage, plus construction and land development to many millions of dollars per annum. The offices of this old established group of companies are proud of the service, experience and reputation maintained over many years operating from this Nanaimo landmark.





*Pictured above is a small flotilla of the huge sailing fleet of Nanaimo. This sport has become extremely popular in the Gulf Islands and is increasing the values of residential and resort lots as more and more people come from the mainland area to retire and to spend their holidays. It is anticipated that Vancouver Island's population will come close to tripling in the next 30 years from 340,000 to approximately 900,000. Vancouver Island is approximately the size of England.*



## COMMERCIAL PROPERTIES



**SUN GLO LUMBER** – This lumber supply business has doubled its sales since acquisition. The company is improving its facilities and service monthly. It will be examining further potential in the field in different sectors of the market. This division has great gross possibilities.

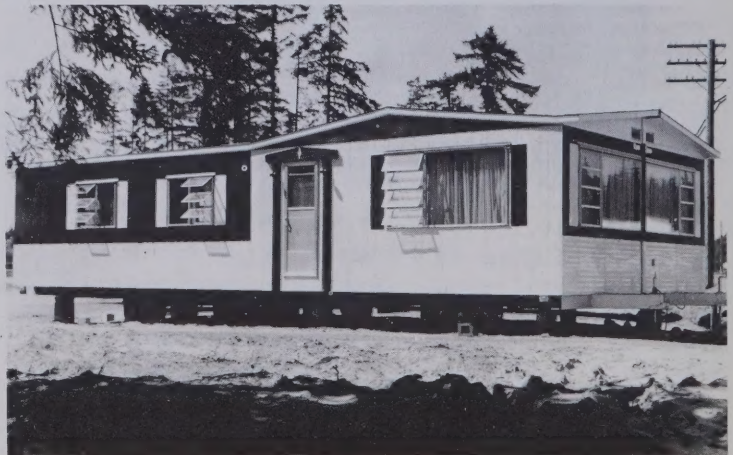


During the past year the company has acquired good industrial revenue producing properties. Many of them have national leases. This is a new field of endeavour and is providing a sound basis for future profits.

## NEW FIELDS

### PARADISE MOBILE HOMES LTD.

The company, now a major shareholder in Paradise Mobile Homes Ltd. is finding this division making steady headway, and in the next months it is intended to concentrate an even stronger effort on mobile homes to harvest the tremendous potential in this field.





## SCOPE OF OPERATIONS

Great National Land & Investment Corp. Ltd. is now one of Canada's leading diversified real estate companies. With total company assets above \$10.5 million, and one of the largest and most carefully planned land banks in the country, Great National is active in all areas of the broad realty field.

Headquarters of the company are located in Nanaimo, the fastest growing area of Vancouver Island. Branch offices are located throughout the Island, including such key economic areas as Campbell River, Courtenay, and Duncan, and further diversification is actively contemplated, including offices in the population-rich Lower Mainland area.

The Profit and Loss Statement attached contains good news in all vital economic points.

During the past fiscal year income from mortgages and notes increased by 23%.

Rental income was up 42%, and reflects Great National's increasing interest in long term stable income-producing properties which will ride out any temporary economic setbacks.

Gross income from Sun Glo Lumber, our aggressive building supply company in the retail and wholesale fields, was up 18.5%. This bears out our belief that this field will continue to grow rapidly as Vancouver Island builders try to keep pace with the soaring population increase. We anticipate a continuing growth in profits from this old established firm.

Total revenues for the company was up \$106,874 — 6.7% — over the previous year, and is now approaching the \$2 million mark.

The cheapest and easiest way for a company to finance expansion is through its own earnings. During the past fiscal year Great National's retained earnings increased just under 25% to \$269,009 from \$216,065. This gives the company an excellent base on which to build.

Long past the days when it was strictly a brokerage company, Great National is now diversified into all aspects of the real estate field. The company buys raw land, develops it with services, promotes and markets it to the public, arranges mortgage money, either with its own funds or through other firms, arranges and places all types of insurance, buys, renovates, and rents out residential, commercial, and industrial properties, sells building materials, develops and markets mobile homes and parks (1 out of every 5 new homes is now of the mobile type), and plans and develops complete residential and resort communities. In short, Great National is active in every phase of the ever-widening real estate industry.

The continuing tight money situation, encountered not only in Canada but throughout the western world, hampered development to some degree. It certainly increased the company's cost of doing business through higher interest payments, and undoubtedly curtailed the purchasing activity of many individuals and families who would otherwise have purchased resort or vacation properties. However, as Great National is no longer dependent on any one aspect of the real estate field, our earnings and growth were not as seriously affected as they would be for a less diversified firm.

The future for Great National looks even more promising than the past has proven.

Among many projects and plans which your Board of Directors are actively considering are operations in the relatively new condominium ("Strata Titles") field, new concepts in the mobile home park area, new completely integrated resort year 'round home developments, adaptations of the "multiple-use" concept to industrial and commercial properties and estates, and restoration of important historic landmarks on Vancouver Island in conjunction with ecologically-sound property developments.

In summary, Great National Land intends to discover and implement new realty trends and remain a leader in the field. Our continuing goal is to develop real estate in Beautiful British Columbia for the mutual benefit of shareholders, employees, and our fellow citizens. Our company motto, "The Sign of Dependability" will continue to orientate our fiscal muscle towards continued growth with stability.



# Great National Land & Investment

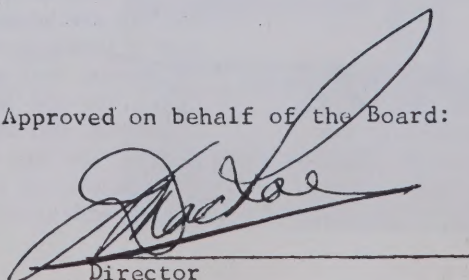
## Consolidated BALANCE SHEET

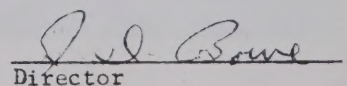
### ASSETS

ASSETS

	April 30, 1971	Comparative April 30, 1970		
CURRENT				
Cash	\$ 130,800	\$ 100,101		
Due from Trust Account	166,003	53,553		
Accounts receivable and accrued (less allowance for bad debts of \$50,788)	870,065	756,806		
Real Estate for sale and construction in progress — at cost	1,777,067	1,804,040		
Less: Construction Progress Draws	(473,791)	(1,033,905)		
Stock in trade — at cost	299,887	181,165		
Prepaid expenses	30,310	12,660		
	<u>\$2,800,341</u>	<u>\$1,874,420</u>		
INVESTMENTS				
Mortgages and Agreements Receivable (Less allowance for bad debts of \$28,502)	\$3,321,899	\$2,853,834		
Demand Note Receivable — Pacific Lands Ltd. (see Contra)	186,641	215,110		
Rental Properties — at cost	2,717,192	1,641,670		
Less: Accumulated Depreciation	(261,085)	(170,254)		
Subdivisions under development — at cost	930,210	1,006,852		
Investments in Private Companies — at cost: Shares	18,290	15,487		
Loans	101,634	112,922		
	<u>\$7,014,781</u>	<u>\$5,675,621</u>		
FIXED				
	Cost	Accumulated Depreciation		
Vehicles	\$ 25,616	\$ 9,573	\$ 16,043	\$ 17,847
Leasehold Improvements	38,762	17,899	20,863	9,600
Furniture & Equipment	86,185	40,216	45,969	46,862
Buildings	76,637	8,350	68,287	271,114
Land	30,600	— — —	30,600	116,462
	<u>\$ 257,800</u>	<u>\$ 76,038</u>	<u>\$ 181,762</u>	<u>\$ 461,885</u>
OTHER ASSETS				
Unamortized excess of cost of subsidiaries over book value of their net assets (Note 2)			\$ 458,820	\$ 418,330
Organization costs			11,184	9,797
Cost of Issuing Shares			7,015	7,015
Unamortized cost of issuing Debentures and Notes			84,448	90,929
			<u>\$ 561,467</u>	<u>\$ 526,071</u>
			<u>\$10,558,351</u>	<u>\$8,537,997</u>
TRUST ACCOUNT				
Cash on hand and in bank			\$ 581,124	\$ 579,349

Approved on behalf of the Board:

  
Director

  
Director



as at APRIL 30th, 1971

## LIABILITIES

	April 30, 1971	Comparative April 30, 1970
<b>CURRENT</b>		
Bank Loans — secured	\$1,106,250	\$ 503,317
Accounts Payable and Accrued Liabilities	1,167,076	1,010,033
Dividends Payable	24,778	24,622
Estimated Income Tax Liability	21,200	7,595
	<u>\$2,319,304</u>	<u>\$1,545,567</u>
<b>LONG TERM LIABILITIES</b>		
Secured Demand Note (See Contra)	\$ 186,641	\$ 215,110
Mortgages — secured by Real Property	3,756,861	2,808,805
6½% Series A convertible debentures redeemable on or before October 1, 1974 (Note 3)	140,600	154,800
7% Series B convertible debentures redeemable on or before February 15, 1976 (Note 4)	111,750	112,950
7% Series A convertible secured notes due November 15, 1988 (Note 5)	729,500	730,000
	<u>\$4,925,352</u>	<u>\$4,021,665</u>
<b>OTHER</b>		
Unrealized Income: Mortgage discounts and real estate profits deferred	\$ 972,592	\$ 754,012
Minority interests in subsidiary companies	93,470	37,964
	<u>\$1,066,062</u>	<u>\$ 791,976</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share Capital (Note 6)		
Authorized		
5,000,000 Class "A" common n.p.v. shares		
300,000 Class "B" common n.p.v. shares		
Issued and fully paid		
2,187,393 Class "A" Shares	\$1,689,967	\$1,674,067
290,412 Class "B" Shares	288,657	288,657
	<u>\$1,978,624</u>	<u>\$1,962,724</u>
Retained Earnings		
Per statement of retained earnings	269,009	216,065
	<u>\$2,247,633</u>	<u>\$2,178,789</u>
	<u>\$10,558,351</u>	<u>\$8,537,997</u>
<b>TRUST ACCOUNT</b>		
Due to clients: Deposit and Collection Accounts	\$ 415,121	\$ 525,796
Due to General Account (See Current Assets)	166,003	53,553
	<u>\$ 581,124</u>	<u>\$ 579,349</u>



# Great National Land & Investment Corp. Ltd.

and Subsidiary Companies

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended APRIL 30, 1971

		April 30 1971	Year Ended April 30, 1970
REVENUE			
Real estate and insurance commission		\$1,115,069	\$1,145,830
Income from mortgages and notes		289,282	234,482
Profit on Sales of Real Estate			
Gross Sales	\$2,484,555		
Cost of Sales	<u>2,004,630</u>		
Gross margin	\$ 479,925		
Less: Margin deferred to future periods	<u>264,325</u>	215,600	270,894
Rental income		325,582	229,004
Discounts realized		7,625	11,059
Merchandise sales	\$ 884,562		
Less: Cost of goods sold	<u>720,656</u>	163,906	138,215
Other income		<u>127,313</u>	121,259
		\$2,244,377	\$2,150,743
Less: Real estate and insurance commissions paid		<u>555,412</u>	568,652
		<u>\$1,688,965</u>	<u>\$1,582,091</u>
COST OF BORROWING			
Interest on notes and debentures		\$ 69,408	\$ 70,128
Interest on other long term debt		223,905	143,162
Other interest		104,137	110,534
Amortization of financing expenses		<u>6,481</u>	8,163
		\$ 403,931	\$ 331,987
Net revenue after commission and financing expenses		<u>\$1,285,034</u>	<u>\$1,250,104</u>
OPERATING EXPENSES			
General and administrative expenses		\$1,061,568	\$ 996,256
Property Taxes		81,695	73,365
Directors' fees		1,370	1,820
Depreciation		<u>118,629</u>	81,105
		<u>\$1,263,262</u>	<u>\$1,152,546</u>
Net profit before the following items		\$ 21,772	\$ 97,558
Discounts realized on bulk sale of agreements		<u>105,074</u>	— — —
Net profit before corporation income tax		\$ 126,846	\$ 97,558
Corporation income tax		<u>21,200</u>	7,595
Net profit		\$ 105,646	\$ 89,963
Minority share of subsidiary losses (net)		<u>5,159</u>	2,792
Net consolidated profit		<u>\$ 110,805</u>	<u>\$ 92,755</u>



# Great National Land & Investment Corp. Ltd.

and Subsidiary Companies

## CONSOLIDATED STATEMENT OF RETAINED EARNINGS

for the year ended APRIL 30, 1971

	April 30, 1971	Year Ended April 30, 1970
Retained earnings at beginning of year	\$ 216,065	\$ 180,848
Add: Net consolidated profit for year	110,805	92,755
	<u>\$ 326,870</u>	<u>\$ 273,603</u>
 Deduct: Amortization of cost of wholly owned subsidiaries (Note 2)	 \$ 8,317	 \$ 8,317
Dividends declared — Class "A" shares	43,736	43,413
— Class "B" shares	5,808	5,808
	<u>\$ 57,861</u>	<u>\$ 57,538</u>
Retained earnings at end of year	<u>\$ 269,009</u>	<u>\$ 216,065</u>

## REPORT OF THE AUDITORS

The Shareholders  
Great National Land & Investment Corp. Ltd.  
Nanaimo, B.C.

Gentlemen:

We have examined the Consolidated Balance Sheet of Great National Land & Investment Corp. Ltd. and its subsidiary companies as at April 30, 1971 and the Consolidated Statements of Profit and Loss, Retained Earnings, and Source and Application of Funds for the year ended on that date. Our examination included a general review of accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the report of other auditors with reference to the accounts of Nanaimo Realty (Courtenay) Ltd., Nanaimo Realty (Duncan) Ltd., District General Rental Corp. Ltd., and Five Acres Lands Ltd. which have been included in the consolidated statements.

In our opinion these consolidated financial statements, together with the notes thereto, present fairly the financial position of Great National Land & Investment Corp. Ltd. and its subsidiary companies as at April 30, 1971 and the results of their operations and the source and application of their funds for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Respectfully submitted,  
CHURCH, PICKARD, LANE & NEWMAN  
Chartered Accountants

NANAIMO, B.C.  
August 26, 1971



# Great National Land & Investment Corp. Ltd.

and Subsidiary Companies

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS

for the year ended APRIL 30, 1971

	April 30, 1971	Year Ended April 30, 1970
<b>SOURCE OF FUNDS</b>		
From Operations		
Net consolidated profit	\$ 110,805	\$ 92,755
Add: Charges (Credits) Not Involving Current Funds		
Revenue deferred to future periods	264,325	359,563
Amortization of financing expense	6,481	8,163
Depreciation	118,629	81,105
Minority share of subsidiary losses	(5,159)	(2,792)
	\$ 495,081	\$ 538,794
Increase in mortgages payable	948,056	496,475
Reduction in investment in land and development — net	76,642	( 19,142)
Reduction in investment in private companies — net	8,485	(33,040)
Investments by minority shareholders	59,377	33,000
Decrease in working capital	— — —	219,791
	<u>\$1,587,641</u>	<u>\$1,235,878</u>
<b>APPLICATION OF FUNDS</b>		
To increase in mortgages and agreements receivable	\$ 468,065	\$ 818,985
Add: Decrease (increase) in discounts	45,745	(42,890)
	\$ 513,810	\$ 776,095
To acquisition of rental properties — net	786,030	90,063
To acquisition of fixed assets	37,167	309,980
To investment in subsidiaries in excess of book value		
of net assets acquired	47,519	9,845
To cost of organization and financing	1,387	674
To payment of dividends	49,544	49,221
To increase in working capital	152,184	— — —
	<u>\$1,587,641</u>	<u>\$1,235,878</u>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. The subsidiary companies of Great National Land & Investment Corp. Ltd. are:

(a) **Wholly Owned**

Beach Estates Ltd.  
First Northern Land & Investment Corp. Ltd.  
Forest Park Estates Ltd.  
Great National Development Corp. Ltd.  
Nanaimo Mutual Investment Corp. Ltd.  
Nanaimo Realty Co. Ltd.  
Nanaimo Realty (1964) Ltd.  
Nanaimo Realty Insurance Agencies Ltd.  
Nanaimo Trade-In Exchange Service Ltd.  
Smugglers Hill Holdings Ltd.  
D. J. (Don) MacRae Insurance Agency Ltd.  
Sunglo Lumber Ltd.

(b) **Controlled**

**Controlling Interest**

District General Rental Corp. Ltd.	67%
Five Acres Lands Ltd.	53%
Nanaimo Realty (Duncan) Ltd.	51%
Nanaimo Realty (Courtenay) Ltd.	51%
Sunnyslope Estates Ltd.	63%
Ucluelet Investments Ltd.	79%
Buttertubs Pass Estates Ltd.	55%
Xeric Investments Ltd.	50.2%
Paradise Mobile Homes Ltd.	70%

All companies are incorporated under the provisions of the B.C. Companies Act.

Note 2 The excess of cost over book value in the acquisition of Beach Estates Ltd., Forest Park Estates Ltd., Nanaimo Mutual Investment Corp. Ltd. and Sunnyslope Estates Ltd. is being amortized over a ten year period.

The excess of cost over book value amounted to	\$81,732
The amount written off to date totals	<u>49,327</u>
Balance unamortized at April 30, 1971	<u>\$32,405</u>

A majority interest in Five Acres Lands Ltd. was also acquired on April 30, 1971. The excess of cost over the book value of the assets of this company, which amounts to \$46,300, will be amortized over ten years commencing with the fiscal year beginning May 1, 1971.

The excess cost of the other subsidiaries consists mainly of goodwill and no provision is made for amortization.

Note 3. The series "A" debentures are convertible into Class "A" shares at the option of the holder at the rate of \$1.00 per share until October 1, 1974. The trust indenture of the debentures also contains provisions for the adjustment of the conversion rights in certain circumstances.

Note 4. The series "B" debentures are convertible into Class "A" shares at the option of the holder up to the close of business on February 15th, 1976 at the rate of \$1.00 per share. The trust indenture of the debenture contains certain provision for the adjustment of the conversion right in certain circumstances.



# Great National Land & Investment Corp. Ltd.

and Subsidiary Companies

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT (cont.)

Note 5. The series "A" secured notes are convertible into Class "A" shares at the option of the holder up to the close of business on November 30, 1973, at the rate of \$2.00 per share and thereafter up to November 30, 1978 at the rate of \$2.50 per share.

The notes are redeemable to maturity at a premium of 6 3/4% up to November 15, 1971 reducing by 3/8% per annum thereafter.

A sinking fund is required for the redemption of \$25,000 notes annually to November 15, 1973 and \$35,000 thereafter until maturity. Conversion of notes, on a cumulative basis, will satisfy the sinking fund requirements.

Note 6. The Company's issued capital has increased during the year under review as follows:

<u>Class "A" Common Shares</u>	<u>Number of Shares</u>	<u>Amount Paid Up</u>
Balance May 1, 1970	2,171,743	\$ 1,674,067
Shares issued during year for conversion of		
Series "A" debentures	14,200	14,200
Series "B" debentures	1,200	1,200
Series "A" secured notes	250	500
Balance, April 30, 1971	<u>2,187,393</u>	<u>\$ 1,689,967</u>

### Class "B" Common Shares

Balance May 1, 1970 and April 30, 1971	<u>290,412</u>	<u>\$ 288,657</u>
--	----------------	-------------------

217,200 Class "A" shares are reserved for the conversion of series "A" and "B" debentures, and 364,750 Class "A" shares are reserved for the conversion of Series "A" secured notes.

Class "A" shares carry one vote per share and Class "B" shares each carry fifty votes, subject to certain restrictions.

Note 7. Contingent liabilities of the group in respect of guarantees of bank and other loans amount to \$140,000 at April 30, 1971.

Note 8. Group companies have claimed allowances for tax purposes that have not yet been charged against profits. This results in a reduction of current income taxes by \$41,067 with an accumulated deferral of \$189,963.

Note 9. Some minor changes have been made in the classification of expenses and certain balance sheet items in the year under review (and the comparative figures for the previous year) but these changes do not affect the basis of computing net profit.



#### NANAIMO INDUSTRIAL PARK

Pictured above is Nanaimo Industrial Park, one of three properly integrated industrial parks developed by the company.

### FIRST QUARTER HIGHLIGHTS

#### THREE MONTHS ENDED JULY 31

	1971	1970	1969	1968
GROSS ASSETS	\$11,070,407	\$ 9,073,428	\$ 8,078,110	\$ 4,945,145
GROSS INCOME	1,486,801	586,357	511,546	384,231
OPERATING PROFIT	43,520	18,334	( 2,970)	83,494
TAXES ON INCOME	6,760	1,885	— — —	37,271
EARNINGS PER COMMON SHARE	.013	.0057	— — —	.031
RETAINED EARNINGS	302,863	230,128	177,579	210,162
DEFERRED PROFIT RESERVE	1,043,797	771,266	393,152	320,068
COMMON SHARES OUTSTANDING	2,477,805	2,462,355	2,446,955	1,820,805





**NANAIMO REALTY COURTENAY.** This office has shown an outstanding increase in sales during the past few months and has strengthened its sales substantially. As more subdivisions are opened in this area, offices such as this will be effective vehicles for efficient merchandizing.

#### NANAIMO REALTY CAMPBELL RIVER

This branch, after initial start-up difficulties, is now showing a healthy increase in sales. The company has purchased land in the area and will be announcing a number of new developments shortly.

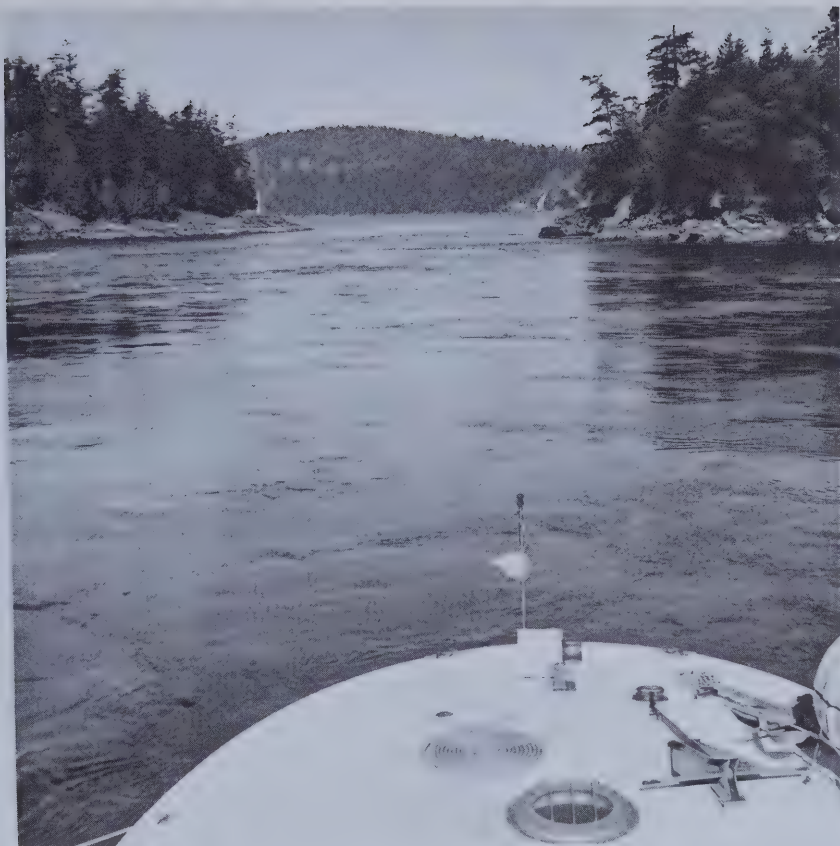


Pictured at right is the small branch office at Duncan. This area has had smaller growth than the normal, but the branch office is progressing favourably in getting our clients better service. Two fairly large subdivisions will be opened in this area in the next two or three months.



## LAND DEVELOPMENT

*COHO COVE – A new 185 lot subdivision in the Gulf Islands just placed on the market in the last few weeks. Overlooking the famous Dodd's Narrows and the heart of the Gulf Islands, this development has strong market appeal and the lots are selling rapidly.*



*GREEN LAKE – This beautiful area is now moving very quickly. The first two sections have been sold and the final section will be placed on the market next month. Green Lake is one of the few privately owned lakes on Vancouver Island, with its 130 acres completely surrounding the lake which is noted for its fine fishing.*

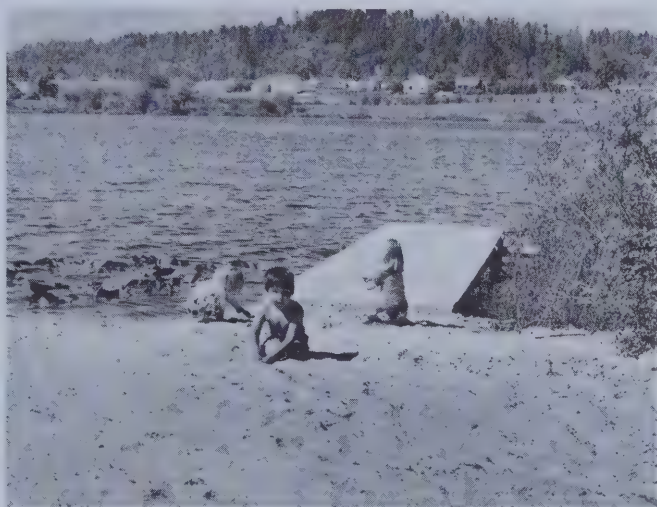




*HORNBY ISLAND – Pictured above is picturesque Tribune Bay and below is an aerial view of Sandpiper Beach. The company has opened up approximately 270 lots in this area during the past summer and the lots are selling quite rapidly. This property is 100% owned by the company.*



*LAKESIDE PARK – An aerial view of Lakeside Park with the waterfront area on upper side now being developed as a sand beach to be known as Black Frank's Beach. This beach has been created by the company as part of its 500 lot Lakeside Park Development. The lake itself has excellent fishing and with the large recreational area and quiet streets for family living should prove exceptionally popular. Approximately 220 lots have now been developed with more than 1/2 sold. This area is directly in the path of growth of the city of Nanaimo and is just a few minutes from the city center.*



*CLAM SHELL BEACH – This 93 lot resort which has been artistically designed and developed was sold out during the last month and will add to the profits of the company in the future.*







#### GREEN MOUNTAIN

*The company is selling many hundreds of resort lots each year. The Island has great appeal for both the winter and summer sportsmen. Above is a typical scene from the Green Mountain area, just over an hours drive from Nanaimo.*



#### PROTECTION ISLAND

*One of the bays on beautiful Protection Island on which the company has developed a very successful 360 lot summer area.*

2 views from Mudge Island where the company has four very lovely resort developments. Gulf Island property such as this, is very popular because of the outstanding climate and tranquil waters with excellent fishing and boating.





## RESIDENTIAL DEVELOPMENT



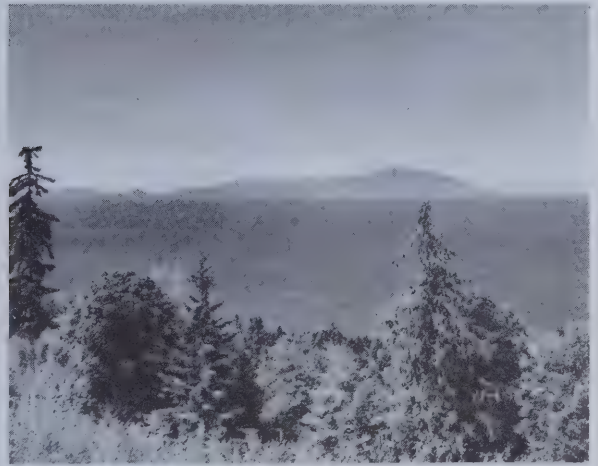
*CILAIRE – This beautiful 220 lot subdivision, with underground wiring and all services is now 75% sold out with sales close to \$1 million. None of these sales have been reflected in the financial statement. The company intends to build a number of new homes in this area in the coming year.*



*The subdivision has underground wiring, psychedelic painted lamp posts, access to a swimming beach and sound building restrictions. Pictured above are typical examples of the type of home constructed in this development. There has been a demand for smaller type homes, as well as larger ones, in this sub-division. The company has endeavoured to maintain a high calibre of aesthetic quality in these homes.*



*SMUGGLER'S HILL – These homes have been sold during the past summer and 20 more homes are now under construction. It is hoped to open up another 60 lots in this development in the next few months.*



*OCEAN VILLAGE – This subdivision is situated with a tremendous panoramic view of the Gulf of Georgia close to Nanaimo. The 4th stage of this subdivision is now nearing completion which will place another 100 lots on the market for this coming year. This subdivision consists of approximately 400 acres and will assure the company of building sites for many years to come.*





### LYNBURN

*This 400 lot subdivision surrounding the golf course proved very successful with higher priced homes predominating. The company expects to continue its policy of custom home building in this subdivision during the coming fiscal period. Pictured are a view of part of Lynburn facing the golf course and typical examples of custom homes built by the company in this development. This area is a continuing source of brokerage sales.*



#### *SOMERSET VILLAGE*

*Approximately 125 lots in this lovely subdivision have now been sold. The profits will be reflected in future statements.*



#### *WELLINGTON*

*A smaller type of home developed and constructed by Nanaimo Realty in the Wellington area. These homes have sold rapidly, and a new section will be ready for market soon.*

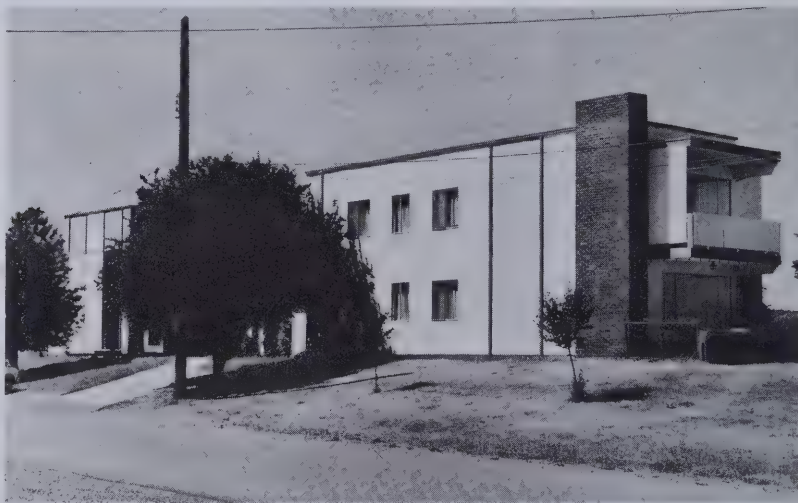




#### FOUNTAINBLEU

Small section of a row housing complex bordering Nanaimo Golf Course and owned by Great National.

The company now has approximately 275 apartment units, either owned or partly owned in its portfolio. During the past year the company has not built new units because of high interest rates, but it has purchased existing apartment blocks. Pictured at right is one in a very picturesque setting overlooking the ocean.



KENSINGTON AND LANCELOT GARDENS. These were built six years ago and initially were operating in a very competitive market. With increasing costs in the construction industry and higher interest rates, the earnings of this type of complex are increasing strongly.



## 1971 DIRECTORS

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WILLIAM NEY	FRANK NEY





THE WORLD FAMOUS BATHTUB RACE

*Nanaimo is a distribution and wholesale center for Vancouver Island, with economy based on a growing forestry product, fishing, mining, agriculture and tourism. The city is well known for its famous Bathtub Race from Nanaimo to Vancouver.*







